

PRESS RELEASE

Paris, February 15, 2007

2006 RESULTS

15th Consecutive Year of Growth in
Net Income from Recurring Operations: + 7.2%
Proposed Dividend €1.80, up + 9.1%

The Board of Directors of Imerys, meeting under the chairmanship of Aimery Langlois-Meurinne, examined the definitive financial statements for 2006 as presented by Chief Executive Officer Gérard Buffière. The statements will be put to the Shareholders' General Meeting on May 2, 2007 for approval.

(millions of euros)	2006	2005	% change
CONSOLIDATED RESULTS			
Sales	3,288.1	3,045.2	+ 8.0%
Current operating income ⁽¹⁾	458.8	434.0	+ 5.7%
Net income from current operations, Group's share ⁽²⁾	308.3	287.6	+ 7.2%
Net income, Group's share	187.4	309.4	- 39.4%
FINANCING			
Current operating cash flow ⁽³⁾	522.1	479.8	+ 8.8%
Capital expenditure	217.0	251.0	- 13.5%
Shareholders' equity	1,646.5	1,686.2	- 2.4%
Net financial debt	1,086.1	1,140.0	- 4.7%
DATA PER SHARE (average weighted number)	63,475,098	63,426,126	
Net income from current operations, Group's share ⁽²⁾	€4.86	€4.53	+ 7.1%
Proposed dividend	€1.80	€1.65	+ 9.1%

(1) Operating income before other income and expense.

(2) Net income before other income and expense, net.

(3) Current operating income plus net depreciation expense and provisions, minus tax on current operating income.

Imerys' markets showed contrasting trends throughout 2006. The Pigments for Paper and Specialty Minerals business groups were affected by restructuring in the paper and ceramics industries. However, business remained firm in Building Materials in France and in Refractories. Abrasives markets were stable and the Filtration sector grew slightly. Rises in variable costs were particularly sharp in the 1st half of the year but slowed down in the 2nd half. Finally, the 4th quarter was affected by a slump on US construction markets.

In that context, the Group continued to grow and post significantly higher performance, proving its reactivity and its adaptability. Sales increased + 8.0% (+ 3.2% at comparable Group structure and exchange rates) and current operating income + 5.7%. Net income from current operations, up + 7.2%, grew for the fifteenth year running.



IMERYS
TRANSFORM TO PERFORM

After a particularly active year in terms of external growth in 2005, the Group continued to integrate its acquisitions successfully in 2006. It also began a major restructuring program in kaolin for paper with the aim of setting up a competitive cost platform over the long term in the United Kingdom for filler kaolins and in particular, in Brazil for coating kaolins. Capital expenditure remained high.

CEO Gérard Buffière commented, *“In 2006 our net income from current operations rose for the 15th straight year. This growth was achieved despite tough conditions on some markets and adverse trends in external factors such as energy. It is the result of great efforts by the Group’s people. Thanks to them, the acquisitions made in 2005 have been successfully integrated, the product offering has improved and fixed costs remain under control. Moreover, high cash flow generation further improved our financial strength and our ability to seize acquisition opportunities. 2006 was a year of discipline and good management, as well as of major decisions including the restructuring undertaken in kaolins, which will give the Group a competitive cost base from 2008. Finally, to create new synergies, we decided to organize the Group around three business groups from January 1, 2007. An Innovation Department was also set up and will help boost our growth.”*

At the Shareholders’ General Meeting on May 2, 2007, the Board of Directors will propose payout of a dividend of €1.80 per share, compared with €1.65 for 2005 (up + 9.1%). The total amount of approximately €114.0 million represents 37.0% the Group share of net income from current operations. The dividend will be paid on May 15, 2007.

DETAILED COMMENTARY ON THE GROUP’S RESULTS

The consolidated income statement, statement of changes in financial position and balance sheet are presented in appendix to this press release.

2006 was characterized by the following trends on the Group’s main markets.

- **Specialty Minerals:** the business group’s markets showed contrasting conditions. Performance mineral markets (paint, plastics, adhesives, etc.) decreased sharply in the United States towards the end of the year; ceramic markets remained difficult in Western Europe and North America.
- **Pigments for Paper:** the world printing and writing paper market grew in 2006, mainly in Asia and Europe. Paper production in North America, on the other hand, decreased slightly.
- **Materials & Monolithics:** the business group’s markets were healthy overall with slight growth in new single-family housing start-ups in France and a firm renovation sector. The Monolithic refractories market particularly benefited from a dynamic steel industry.
- **Refractories, Abrasives & Filtration:** during the year, the business group’s general market environment evolved favorably. Refractory markets were buoyant, abrasive markets were stable over the period and filtration markets grew slightly, especially in emerging countries.

Sales: up + 8.0% to €3,288.1 million

This increase reflects the substantial impact of changes in Group structure (+ €160.8 million, i.e. + 5.3%), which include two opposing items:

- The major positive sales contribution for the period (+ €253.4 million) of the acquisitions made in 2005 (chiefly World Minerals and Denain-Anzin Minéraux) and in 2006 (mainly AGS);
 - The negative effect (- €92.6 million) of the divestments made in the 1st half of 2005 (American Minerals and Larivière).
- Exchange rates had a negative impact of - €16.6 million, i.e. - 0.5%, due to the depreciation of the US dollar against the euro in the 4th quarter.

At comparable Group structure and exchange rates, sales increased + 3.2% (+ 4.6% in the 1st half; + 1.9% in the 2nd), reflecting:

- An increase in the price/mix component (+ 4.0%), resulting from an improved product offering and efforts to pass through external cost rises;
- Slight erosion in sales volumes (- 0.7%), mainly recorded in the 4th quarter.

Current operating income: up + 5.7% to €458.8 million

For the second year running, the Group was faced with high inflation in its variable costs, primarily energy. In that context, growth in current operating income results from:

- The contribution of acquisitions for the year, with impact + €20.9 million, net of divestments;
- The negative effect of exchange rates for the year (- €7.0 million).

At comparable Group structure and exchange rates, the increase was €10.9 million, with the increase in the price/mix component (+ €122.5 million) making up for inflation in external costs (- €88.6 million) and the negative impact of volumes (- €17.8 million). Fixed costs remained under strict control (- €1.7 million).

Over the year, the decrease of Specialty Minerals performance was more than offset by improvement in the three other business groups. In total, operating margin remained high (14.0% in 2006 vs. 14.3% in 2005) and return on investment (ROI)⁽¹⁾ remained healthy at 14.5% in 2006, compared with 14.9% in 2005.

Net income from current operations, Group share: up + 7.2% to €308.3 million

This improvement takes into account:

- Stable financial expense (- €46.7 million vs. - €47.3 million in 2005, including non-recurring positive impact from foreign exchange transactions;
- A current tax charge of - €106.4 million, compared with - €101.0 million in 2005), which represents a slight decrease in the effective tax rate to 25.8% from 26.1% in 2005.

At €4.86 compared with €4.53 in 2005, net income from current operations per share increased + 7.1% over the period, while the average weighted number of outstanding shares increased slightly from 63,426,126 in 2005 to 63,475,098 in 2006.

Net income, Group share

The Group's share of net income totaled €187.4 million compared with €309.4 million the previous year. In 2005, net income included + €21.8 million in other income and expense, net (including capital gains on the divestment of the Larivière distribution network). In 2006, it includes - €120.9 million net of tax in other income and expense, mostly without impact on the Group's cash flow, from:

- Provisions for industrial asset depreciation, site restoration and restructuring expenses relating to the major reorganization program for kaolin production in Great Britain, for a total amount of - €85.9 million;
- Other expenses for - €45.9 million with respect to asset depreciations and cost reduction actions taken across the Group;
- Sales of non-industrial assets for + €10.9 million.

Further improvement in the Group's financial solidity

The year was marked by even higher generation of **current operating cash flow**.⁽²⁾ At €522.1 million compared with €479.8 million in 2005, it takes into account:

- €643.5 million in **EBITDA**⁽³⁾ (€596.9 million in 2005), which represents a + 7.8% increase;
- A notional tax charge on current operating income of - €118.4 million (- €113.4 million in 2005).

Current free operating cash flow⁽⁴⁾ totaled €245.8 million (€219.4 million in 2005) with:

- Capital expenditure that remained high over the period, despite decreasing slightly from the previous year (representing 110% of depreciation expense in 2006 vs. 126% in 2005). The €217.0 million paid in capital expenditure (€251.0 million in 2005), was spread among the different business groups;
- Negative change in operating working capital for - €66.8 million (- €18.1 million in 2005), reflecting growth in sales.

⁽¹⁾ Current operating income divided by average capital invested (including goodwill)

⁽²⁾ EBITDA minus tax on current operating income.

⁽³⁾ Earnings before income tax, depreciation and amortization.

⁽⁴⁾ Current operating cash flow minus paid capital expenditure and changes in operating working capital.

After taking into account financial expense net of tax (- €34.7 million after tax vs. - €34.9 in 2005), other working capital items and non-cash items, for a total of - €12.6 million compared with + €10.6 million in 2005, **current free cash flow**⁽⁵⁾ remained high at €198.5 million (€195.1 million in 2005).

- External growth operations had cash impact of - €33.0 million (mainly the acquisition in late February of AGS, France) compared with - €439.6 million in 2005.
- Asset sales amounted to + €17.9 million, compared with €183.9 million in 2005, and mainly concern disposals of property.

Imerys continues to enjoy good financial flexibility. Consolidated **net financial debt** decreased to €1,086.1 million as on December 31, 2006, compared with €1,140.0 million at the end of 2005. This represents 66.0% of shareholders' equity and 1.7 times EBITDA (vs. 67.6% and 1.9, respectively, in 2005).

As on December 31, 2006, the Group's financial resources totaled €2,208.4 million, i.e. twice the amount of its net financial debt. The average maturity of those resources is 4.5 years, compared with 5.5 years as on December 31, 2005. They remain balanced between bank and bond resources, with repayment dates that are spread out over time.

Consequently, Imerys' financial structure remains extremely robust. The Group has further improved its ability to seize any new acquisition opportunities that may arise in 2007.

COMMENTARY BY BUSINESS GROUP

(millions of euros)	2006	2005	% change	% change on comparable basis
SALES	3,288.1	3,045.2	+ 8.0%	+ 3.2%
Specialty Minerals	891.9	809.3	+ 10.2%	+ 1.0%
Pigments for Paper	762.7	755.0	+ 1.0%	+ 1.4%
Materials & Monolithics	893.0	922.4	- 3.2%	+ 6.4%
Refractories, Abrasives & Filtration	787.8	603.9	+ 30.5%	+ 3.6%
<i> Holding Company & Eliminations </i>	<i>(47.4)</i>	<i>(45.3)</i>	<i>n.s.</i>	<i>n.s.</i>

(millions of euros)	2006	2005	% change
CURRENT OPERATING INCOME	458.8	434.0	+ 5.7%
Specialty Minerals	92.3	94.8	- 2.6%
Pigments for Paper	76.7	73.8	+ 3.9%
Materials & Monolithics	208.9	197.8	+ 5.6%
Refractories, Abrasives & Filtration	110.8	95.8	+ 15.7%
<i> Holding Company & Eliminations </i>	<i>(29.9)</i>	<i>(28.3)</i>	<i>n.s.</i>

⁽⁵⁾Current operating free cash flow minus financial expense net of tax and change in other working capital items and non-cash items (deferred taxes and financial provisions).

SPECIALTY MINERALS

The business group's markets showed contrasting trends in 2006.

- Performance minerals markets (paint, plastics, adhesives, etc.) were healthy in Europe, particularly thanks to a firm construction sector in the region. North American markets were buoyant in the 1st half but slumped in the 4th quarter;
- Fine ceramic markets were marked by capacity reductions in Western Europe and North America and by the transfer of ceramic production to Eastern Europe, Latin America and Asia. As these markets are also related to the construction sector, they slowed down significantly in the 4th quarter;
- Graphite markets were dynamic, while the kiln furniture sector began a downturn in the 2nd quarter with harsher competition.

In that context, with several soft markets and sharp inflation in energy costs, restructuring efforts were stepped up across the business group through:

- Implementation early in the year of an administrative cost reduction plan in line with the integration of Denain-Anzin Minéraux (DAM), which was acquired in late October 2005;
- Shutdown of kiln furniture manufacturing on the Lamotte-Beuvron (Loir-et-Cher, France) site in October and the transfer of production to the business group's Spanish, Thai and Hungarian sites;
- The announcement in early July of the project to end kaolin mining and refining activities in Devon in early 2008 to focus British production of kaolin for ceramics and performance minerals on Cornwall;
- The decision made in late 2006 to close the precipitated calcium carbonate (PCC) plant in Arcos (Brazil) and transfer production to the Bras Cubas site to benefit from more modern and energy-efficient production tools.

Capital expenditure amounted to €61.3 million, i.e. 100% of depreciation expense, compared with €71.8 million in 2005. It mainly concerned productivity improvements and selective capacity increases.

- In performance minerals, optimization of ground calcium carbonate (GCC) production continued in the United States with capital expenditure at the Sylcauga (Alabama) plant. In Brazil, the Limeira PCC plant benefited from a capacity debottlenecking program.
- In minerals for ceramics, production capacity was increased in Thailand to support substantial development by major sanitaryware customers in the country. Furthermore, kaolin for porcelain reserves in New Zealand are being extended.
- In graphite, a new furnace using an innovative graphitizing procedure is under construction.

Furthermore, the business group continued to strengthen its positions in GCC for performance minerals with the acquisition in early July of a 70% stake in Mikro Minerals (Turkey), which achieves annual sales of €3.5 million, mainly in the paint market.

The business group's sales totaled €891.9 million (up + 10.2% from 2005). This increase takes into account:

- The impact of changes in structure for + 8.9%, reflecting the acquisitions made during the previous year (primarily Denain-Anzin Minéraux in late October 2005);
- Virtually neutral effect of exchange rates (+ 0.3%).

At comparable structure and exchange rates, sales rose + 1.0% over the year (+ 3.1% in the 1st half, - 1.0% in the 2nd), with the improvement in the price/mix component offsetting the drop in volumes in the 2nd half of the year, particularly in Performance Minerals and Minerals for Ceramics in the United States and in Kiln Furniture.

Current operating income amounted to €92.3 million (down - 2.6%).

Changes in structure account for + €6.1 million of this figure. Over the period, a greater price/mix component and tight control over fixed costs limited the impact of higher variable costs and lower sales volumes. This trend comes with a lower operating margin (10.4% vs. 11.7% in 2005), partly as a result of the integration of Denain-Anzin Minéraux.

PIGMENTS FOR PAPER

2006 was marked by estimated + 2.4% growth in world printing and writing paper. Despite this, production overcapacity in some market segments, particularly in Europe, led the major papermakers to announce a series of machine or mills shutdowns. This program should lead to better utilization of European papermaking capacities.

Trends by geographic zone were as follows.

- In Europe, paper production increased (+ 2.7%) with an overall rise in underlying demand and the return to a normal production rate in Finland after the seven-week strike that affected the country's paper industry in 2005;
- In North America, paper production decreased slightly (- 2.0%), reflecting overall weak demand and the impact of lock-outs at some manufacturers;
- In Asia, the paper markets were healthy (+ 5.2%) with a significant increase in demand and the start-up of major production capacities.

Capital expenditure totaled €60.9 million (i.e. 88% of depreciation expense), compared with €75.6 million the previous year. It mainly corresponds to the continued implementation of the Group's development strategy in calcium carbonates. The new carbonate plants that came on stream in 2005 in Sweden, India and China reached satisfactory utilization levels. Towards the end of 2006, a new precipitated calcium carbonate (PCC) for paper plant went into service in Sumatra (Indonesia) as part of a joint venture in which the Group has a majority stake (51%), alongside April, a major Asian papermaker.

Furthermore, in early July 2006 Imerys announced a major reorganization project for its kaolin for paper production. One of the project's main goals is to limit the Group's exposure to energy costs in Great Britain. This project, which will be supported by a capital expenditure program totaling approximately €100 million, mainly provides for:

- The shutdown in late 2007 of manufacturing of coating kaolins, the most energy-intensive paper products, in Cornwall. The corresponding tonnage will be transferred to Brazil (Imerys RCC) where production capacities will be increased accordingly;
- The concentration of British kaolin for paper production capacities on fillers in order to adapt facilities to the nature of local mineral reserves. Drying techniques will be modified and adjusted in line with the new energy situation.

Approximately 800 jobs will be reduced from early 2006 to late 2007 when the reorganization is completed. The Group will then have a competitive cost base for both filler kaolins in Great Britain and for coating kaolins in Brazil.

Sales totaled €762.7 million in 2006 (up + 1.0% from 2005).

Excluding the effects of changes in structure (+ 0.7%), corresponding to the acquisition of Yen Bai Banpu in Vietnam in July 2005 and exchange rates (- 1.1%), sales rose + 1.4% (+ 3.7% in the 1st half, - 0.8% in the 2nd). This trend reflects:

- A significant improvement in the price/mix component;
- A decrease in sales volumes, particularly in the 2nd half, relating to plant shutdowns by some major European papermakers and by the industrial unrest that affected North American customers.

Current operating income totaled €76.7 million (up + 3.9%).

This trend reflects the business group's ability to absorb higher variable costs (particularly energy) and lower sales volumes through an improved price/mix component and lower fixed costs and general expenses. Overall, the business group's operating margin improved slightly to 10.1% (vs. 9.8% in 2005).

MATERIALS & MONOLITHICS

The business group took full advantage of positive market trends in 2006.

- The French building materials market continued to grow. The roofing segment rose 3% with a slight increase in single-family housing start-ups (+ 1%) and a dynamic renovation market. In wall bricks, clay products continued to grow (+ 13%) with market share gains;
- The monolithic refractories market benefited from sound business, especially in the steel industry.

The production rationalization program in Building Materials in France continued in 2006. The new roof tile line that came on stream in late 2005 in Sainte-Foy-l'Argentière (Rhône) was used at full capacity in 2006, which enabled production to be rebalanced between that unit and Pargny sur Saulx (Marne), Saint-Germer-de-Fly (Oise), Quincieux (Rhône) and Commenailles (Jura). In southwestern France, production was adapted to local demand with the start-up in September 2006 of a renovated line in Saint-Geours d'Auribat (Landes). Energy cost reduction efforts also continued. In bricks, the new wall brick manufacturing line in Mably (Loire), which went into service towards the end of 2005, was gradually ramped up in 2006.

In Monolithic Refractories, industrial and commercial optimization continues. The Scheuerfeld (Germany) plant was closed and production focused on the division's two other sites in the country. In China, the new plant built near Shanghai came on stream on schedule in late 2006 to supply the steelmaking and casting markets.

These various projects account for most of the €45.7 million in capital expenditure committed during the year (130% of depreciation expense), compared with €52.1 million in 2005.

Sales totaled €893.0 million, down - 3.2% from 2005. This trend results from the sale of Larivière, a specialized distribution network, in April 2005 (- €81.4 million, i.e. - 8.8%). At comparable structure, sales grew + 6.4% (+ 6.5% in the 1st half, + 6.3% in the 2nd). This increase reflects the combined impact, in both Building Materials and Monolithic Refractories, of the rise in sales volumes and improvement in the price/mix component.

At €208.9 million compared with €197.8 million in 2005, **current operating income** increased + 5.6% despite the sale of Larivière. Reprocessed to allow for the effect of changes in structure and exchange rates, the increase was €14.2 million. The business group took full advantage of growth on its markets, with a greater price/mix component offsetting the negative impact of higher energy costs. Operating margin again improved, at 23.4% compared with 21.4% in 2005.

REFRACTORIES, ABRASIVES & FILTRATION

Over the period, the business group's market environment was favorable as a whole.

- Refractory markets were buoyant, with overall growth in steel production and a number of projects in aluminum;
- Abrasive markets were stable, with a soft automotive sector offset by firm business in other applications (construction, aerospace, etc.);
- Filtration markets showed slight growth over the period, particularly in emerging countries.

On February 28, 2006, Imerys acquired the French group AGS, which achieves sales of approximately €50 million from the production of chamottes and metakaolins. This operation broadens the division's product lines, enhances its European market presence in refractories and sanitary ceramics and makes future commercial and industrial synergy possible within the division. In May 2006, a new brown fused alumina production unit with 10,000 tons annual fusion capacity was also acquired in China (Kaili).

Capital expenditure totaled €55.7 million, i.e. 146% of depreciation expense, compared with €27.5 million in 2005. This increase is due to the major industrial projects carried out during the period.

- In Minerals for Refractories, the Group continued to modernize and improve the operating efficiency of its production units. More specifically, action plans were implemented in all units in order to soften the short and medium-term impact of energy cost increases;
- The new ultrafine abrasive powders market in Villach (Austria) went into service on schedule in late 2006;
- In Minerals for Filtration, the integration of World Minerals comes with a major capital expenditure program designed to improve productivity, extend capacities and rebalance production among plants. Begun in 2006 in the United States, Mexico, Europe and China, the program should be completed in the 2nd half of 2007. In parallel, a perlite production unit was shut down in mid-2006 in Utah (USA) and the decision was made to transfer perlite production from El Ejido (Spain) to the Alicante (Spain) plant.

Sales totaled €787.8 million (up + 30.5% from 2005). This very substantial increase includes:

- + 28.0% impact of changes in structure (€169.2 million), reflecting the contributions of World Minerals and AGS from July 2005 and March 2006, respectively, net of the sale of American Minerals (March 2005);
- - 1.1% negative effect of exchange rates.

At comparable structure and exchange rates, sales increased 3.6% (+ 4.4% in the 1st half; + 2.7% in the 2nd), with an improved price/mix component. Sales volumes were stable overall year-on-year.

Current operating income, at €110.8 million compared with €95.8 million in 2005, increased significantly. This trend takes into account the net effect of changes in structure for +€16.5 million. The increase in the price/mix component and productivity gains made up for cost inflation, mostly in variable factors. Volumes were stable compared with the previous year. The operating margin worked out at 14.1% compared with 15.9% in 2005. This trend results from margin levels in recent acquisitions (World Minerals and AGS). The optimization plans in progress should help to improve that margin.

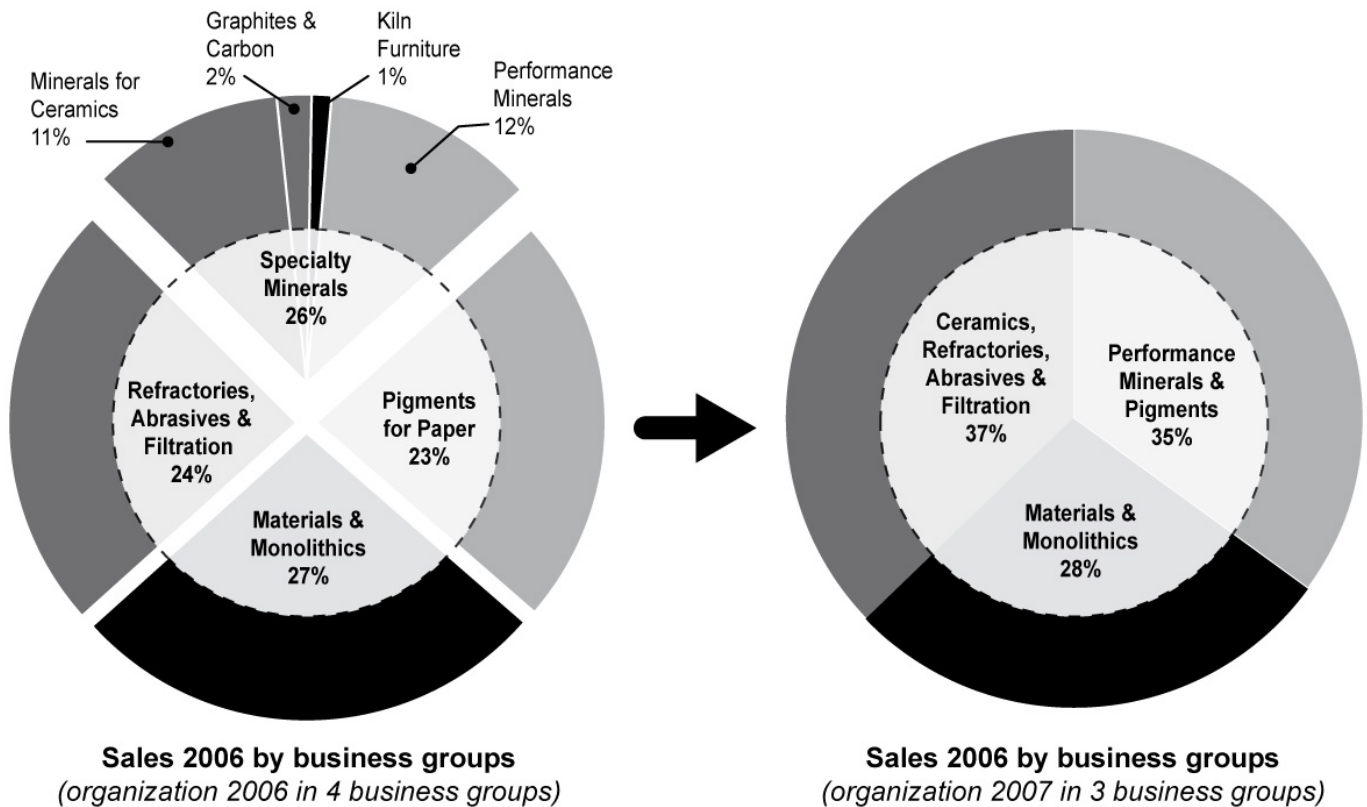
ADJUSTMENT OF OPERATING STRUCTURES

As of January 1, 2007, it was decided to center operating organization on three business groups to boost growth and optimize synergy in terms of costs, resources and processes between the Group's various divisions.

An Innovation Department was also created. Under the management of Thierry Salmona, previously in charge of the Specialty Minerals business group, its role is to speed up the generation of organic growth projects by fostering and coordinating the joint mobilization of several divisions. A number of projects are in the examination and validation process and involve the Group's expertise in high-temperature technologies, ceramics, rheology, crushing and calcination.

The diagram below shows how the divisions from the Specialty Minerals business group are assigned and how the Group is organized into three business groups:

- Performance Minerals are grouped together with the divisions from the Pigments for Paper business group to leverage operating synergy in carbonates and kaolin;
- Minerals for Ceramics and Graphite & Carbon businesses are grouped together with the Refractories, Abrasives & Filtration activities to respond more effectively to the major changes affecting the sector;
- Kiln Furniture activities have joined the Materials & Monolithics business group.



The Group's results will take the new organization into account as from the publication of its results to March 30, 2007 on May 2 (*the (non-audited) breakdown of sales and current operating income for the past three financial years is presented in appendix*).

RECENT EVENTS

A highlight of early 2007 was the signing of agreements for the acquisition of:

- A 65% stake in Yilong and Xinlong, two Chinese sister companies that produce vermiculite and andalusite. With the Group's existing production based in Zimbabwe and Australia, this operation will give the Group critical size in vermiculite (used in construction and horticulture). It will also give Imerys access to a high-quality andalusite reserve that is being developed to serve the Chinese refractories market, in addition to its current bases in South Africa and France. Yilong and Xinlong together achieved sales of approximately €11 million in 2006.
- An 85% stake in Baoutu Jing Yuang Graphite Co Ltd, a Chinese producer that is small in size but manufactures high-performance natural graphite used locally for mobile energy.
- Additional high quality marble reserves in China to support the development of its local activities (GCC).

These operations remain subject to various conditions precedent, notably the approval of the relevant authorities, and should be finalized during the 1st half of 2007.

Furthermore, Imerys today announced the launch of a friendly bid for UCM Group PLC, a British group listed on the London Stock Exchange. UCM Group PLC' board of directors has unanimously recommended that its shareholders accept the offer. With market estimated sales of €55 million in 2006, two sites in Great Britain and two in the United States, UCM Group PLC is one of the world's leading producers of fused zirconia for the refractories, advanced ceramics and automotive industries, and fused magnesia, which is primarily used in the manufacture of electrical heating elements. This acquisition would enable Imerys to broaden its range of fused minerals, a segment in which it is already active through its subsidiary Treibacher.

Launched on the basis of 85 pence per share, the public purchase bid values UCM Group PLC at €48 million, i.e. 7.4 times its market estimated 2006 EBITDA.

HUMAN RESOURCES AND SUSTAINABLE DEVELOPMENT

As at year-end 2006, the Group had 15,776 employees (compared with 15,934 at the end of 2005).

To support its growth and prepare for the future, Imerys strives to recruit, develop and promote high-quality teams and talented, mobile managers. The Group is strengthening its central teams in geology, auditing, health and safety and seeking to develop its future managers. In-house promotion is favored and mobility is heavily encouraged. 50% of vacancies for experienced personnel were filled by existing employees in 2006.

In parallel, whenever it has to carry out restructuring operations, the Group strives to provide all possible internal and external placement solutions, backed up by training and personalized support. This is the case, of course, for the plans currently announced and implemented in France, Great Britain and Brazil.

In 2006, the Group kept up its Sustainable Development process. An EHS charter was defined in 2005 and application procedures were added in 2006. An EHS audit program (57 audits completed from 2005 to 2006) regularly assesses units' compliance with Group regulations and procedures and guides continuous improvement.

During the year, Imerys also published a new Code of Ethics and Business Conduct that sets out the principles that all its employees must apply to ensure that Imerys' business is conducted with integrity and in compliance with the law.

Imerys considers that ensuring the health and safety of its employees is essential and has taken a great many initiatives to improve Safety culture in the Group. In 2006, every operation set up a Safety plan. The management team reviews the plan's results every quarter. These efforts have resulted in a - 34% decrease in lost-time workplace accidents.

Publication of the Group's second Sustainable Development report, covering a significantly larger scope, and the organization of the second in-house Sustainable Development challenge designed to reward the different business groups' initiatives, were other highlights of the year.

CORPORATE GOVERNANCE

As regards governance, following the appointment of Gilbert Milan as a new Director replacing Patrick Kron, half the members of the Board of Directors are recognized as independent. This proportion would be maintained if shareholders at the next General Meeting approved the Board's proposal to renew the positions of the members whose terms of office are nearing expiry and to appoint Jean Monville as a new Director to replace Yves René Nanot, whose term of office could not continue for statutory reasons.

The committees that support the Board in its missions were particularly active in 2006.

Furthermore, Imerys strives to comply strictly with new requirements in terms of transparency and communication. Shorter production times for consolidated financial statements, with a view to meeting new obligations concerning publication, are an example of this.

The Group continued to improve its risk management processes by factoring in regulatory changes, best practices and the suggestions of the workgroup organized by French market regulator AMF, in which Imerys took part. A new map of the Group's main risks is being drawn up. The study is being initiated at Division level as this is the core of Imerys' management structure.

An analysis of internal control practices has also been undertaken. It should eventually cover all the processes likely to generate material risks for the Group.

The world leader in adding value to minerals, Imerys is active in 45 countries through over 250 locations. The Group achieved €3.3 billion in sales in 2006. Imerys mines and processes minerals from reserves with rare qualities in order to develop solutions that improve its customers' product performance and manufacturing efficiency. The Group's products have a great many applications in everyday life, including construction, personal care, paper, paint, plastic, ceramics, telecommunications and beverage filtration.

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IMERYS

2006 sales

(non-audited)

Appendix

(millions of euros) IFRS	Q4 2006	Q4 2005	% current change	% comparable change ⁽¹⁾	2006	2005	% current change	% comparable change ⁽¹⁾
Specialty Minerals	211.6	214.6	- 1.4%	- 2.5%	891.9	809.3	+ 10.2%	+ 1.0%
Pigments for Paper	187.1	197.6	- 5.3%	- 2.1%	762.7	755.0	+ 1.0%	+ 1.4%
Materials & Monolithics	224.2	214.4	+ 4.6%	+ 5.2%	893.0	922.4	- 3.2%	+ 6.4%
Refractories, Abrasives & Filtration	199.1	186.4	+ 6.8%	+ 3.9%	787.8	603.9	+ 30.5%	+ 3.6%
<i>Eliminations</i>	<i>(11.2)</i>	<i>(11.7)</i>	<i>n.s.</i>	<i>n.s.</i>	<i>(47.4)</i>	<i>(45.3)</i>	<i>n.s.</i>	<i>n.s.</i>
TOTAL	810.9	801.3	+ 1.2%	+ 1.2%	3,288.1	3,045.2	+ 8.0%	+ 3.2%

(1) Change at comparable Group structure and exchange rates.

Change in consolidated sales	% current change	% structure effect	% foreign exchange effect	% comparable change ^(*)
TOTAL GROUP	+ 8.0%	+ 5.3%	- 0.5%	+ 3.2%

Quarterly comparable change 2006 vs. 2005	Q1 '06	Q2 '06	Q3 '06	Q4 '06
	+ 6.3%	+ 2.9%	+ 2.8%	+ 1.2%
2005 vs. 2004 (reminder)	Q1 '05	Q2 '05	Q3 '05	Q4 '05
	+ 6.0%	+ 1.0%	+ 2.0%	+ 3.3%

Quarterly change	H1 '06	Q3 '06	Q4 '06	H2 '06	20'06
Imerys Group – current change	+ 12.1%	+ 7.1%	+ 1.2%	+ 4.1%	+ 8.0%
Imerys Group – comparable change of which:	+ 4.6%	+ 2.8%	+ 1.2%	+ 1.9%	+ 3.2%
Specialty Minerals	+ 3.1%	+ 0.7%	- 2.5%	- 1.0%	+ 1.0%
Pigments for Paper	+ 3.7%	+ 0.8%	- 2.1%	- 0.8%	+ 1.4%
Materials & Monolithics	+ 6.5%	+ 7.3%	+ 5.2%	+ 6.3%	+ 6.4%
Refractories, Abrasives & Filtration	+ 4.4%	+ 2.0%	+ 3.9%	+ 2.7%	+ 3.6%

Sales by geographic destination	2006	2005
France	20%	22%
Europe (excluding France)	40%	39%
TOTAL EUROPE	60%	61%
North America	24%	24%
Other	16%	15%
TOTAL	100%	100%

Sales by business group	2006	2005
Specialty Minerals	26%	26%
Pigments for Paper	23%	25%
Materials & Monolithics	27%	30%
Refractories, Abrasives & Filtration	24%	19%
TOTAL	100%	100%

Sales and current operating income, new organization
(for information, non audited)

(millions of euros)	2006	2005	2004
Sales	3,288.1	3,045.2	2,870.5
Performance Minerals & Pigments	1,138.1	1,109.0	1,099.5
Materials & Monolithics	935.1	967.9	893.2
Ceramics, Refractories, Abrasives & Filtration	1,235.3	989.2	894.2
<i>Holding & Eliminations</i>	<i>(20.4)</i>	<i>(20.9)</i>	<i>(16.4)</i>

(millions of euros)	2006	2005	2004
Current operating income	458.8	434.0	421.8
Performance Minerals & Pigments	103.7	103.9	129.0
Materials & Monolithics	214.3	205.8	175.1
Ceramics, Refractories, Abrasives & Filtration	170.9	151.8	131.6
<i>Holding & Eliminations</i>	<i>(30.1)</i>	<i>(27.6)</i>	<i>(14.0)</i>

CONSOLIDATED INCOME STATEMENT

<i>(€ millions)</i>	2006	2005
Revenue	3,288.1	3,045.2
Raw materials and consumables used	(1,119.0)	(1,055.4)
Change in W.I.P. and finished goods inventories and assets produced by the entity	16.9	36.9
External expenses	(827.4)	(762.5)
Staff expenses	(680.9)	(621.2)
Taxes and duties	(48.6)	(39.9)
Amortization, depreciation and impairment losses	(206.7)	(185.3)
Net change in operating provisions	22.1	22.4
Other operational revenue and expenses	14.3	(6.2)
Current operating income	458.8	434.0
Gains and losses on disposals of consolidated investments	1.4	93.5
Impairment losses and restructuring	(177.2)	(96.2)
Other operating revenue and expenses	(175.8)	(2.7)
Operating income	283.0	431.3
<i>Revenue from securities</i>	4.6	5.2
<i>Gross financial debt expense</i>	(53.9)	(48.0)
<i>Net financial debt expense</i>	(49.3)	(42.8)
Other financial revenue and expenses	2.6	(4.5)
Net financial income	(46.7)	(47.3)
Income taxes	(51.5)	(76.5)
Share in net income of associates	5.2	4.6
Net income	190.0	312.1
Minority interests	(2.6)	(2.7)
NET INCOME, GROUP SHARE	187.4	309.4
of which :		
Current operating income, Group share	308.3	287.6
Other operating income, Group share	(120.9)	21.8
Net earnings per share from current operations	4.86	4.53
Net earnings per share	2.95	4.88
Diluted net earnings per share	2.96	4.83
<i>Average exchange rate euro/USD</i>	<i>1.2557</i>	<i>1.2447</i>

CONSOLIDATED BALANCE SHEET

CONSOLIDATED ASSETS (<i>€ millions</i>)	2006	2005
Goodwill	793.1	815.3
Other net intangible assets	22.8	35.8
Mining assets	437.8	497.2
Other net property, plant and equipment	1,175.0	1,276.6
Investments in associates	34.1	31.9
Available-for-sale financial assets	12.8	16.0
Other financial assets	11.3	10.3
Other receivables and other assets	18.9	13.9
Deferred tax assets	49.3	34.6
Total non-current assets	2,555.1	2,731.6
Inventories	490.6	475.8
Trade accounts receivable	614.7	590.3
Derivative instrument assets	41.6	66.7
Marketable securities and other financial assets	4.1	61.0
Cash and cash equivalents	181.2	134.7
Other receivables and other assets	113.7	99.1
Total current assets	1,445.9	1,427.6
TOTAL CONSOLIDATED ASSETS	4,001.0	4,159.2
CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY	2006	2005
Capital	126.7	127.9
Share capital premiums	158.9	219.5
Reserves	1,157.1	1,015.2
Net income	187.4	309.4
Shareholders' equity, Group share	1,630.1	1,672.0
Minority interests	16.3	14.2
Shareholders' equity	1,646.4	1,686.2
Provision for employee benefits	199.2	237.1
Other provisions	200.3	161.0
Loans and financial debts	892.8	943.1
Other debts	27.1	33.2
Deferred tax liabilities	52.4	76.4
Total non-current liabilities	1,371.8	1,450.8
Provisions	18.4	12.8
Trade accounts payables	296.8	313.1
Payable income taxes	24.9	13.8
Derivative instrument liabilities	19.4	23.1
Loans and financial debts	360.7	423.0
Bank overdrafts	44.7	13.6
Other debts and other liabilities	217.9	222.8
Total current liabilities	982.8	1,022.2
TOTAL CONSOLIDATED LIABILITIES AND SHAREHOLDERS' EQUITY	4,001.0	4,159.2
Net debt	1,086.1	1,140.0
<i>Closing exchange rate euro/USD</i>	<i>1.3170</i>	<i>1.1797</i>

CONSOLIDATED CASH FLOW STATEMENT

<i>(€ millions)</i>	2006	2005
Cash flow from operating activities		
Cash flow generated by current operations	549.5	587.8
Paid interests	(54.2)	(60.1)
Income taxes on current operating income and financial income	(107.0)	(105.5)
Dividends received	2.1	1.9
Cash flow generated by other operating revenue and expenses	(31.2)	(30.4)
Cash flow from operating activities	359.2	393.7
Cash flow from investing activities		
Acquisitions of property, plant and equipment and intangible assets	(217.0)	(251.0)
Acquisitions of investments in consolidated entities after deduction of cash acquired	(21.5)	(271.0)
Acquisitions of available-for-sale financial assets	(1.0)	-
Disposals of property, plant and equipment and intangible assets	39.9	25.8
Disposals of investments in consolidated entities after deduction of cash disposed of	10.3	144.5
Disposals of available-for-sale financial assets	0.1	1.5
Net change in financial assets	1.1	4.7
Paid-in interests	3.5	3.8
Cash flow from investing activities	(184.6)	(341.7)
Cash flow from financing activities		
Capital increase (decrease)	(60.8)	15.6
Disposals (acquisitions) of treasury shares	39.2	(38.2)
Dividends paid to shareholders	(104.8)	(95.0)
Dividends paid to minority interests	(1.3)	(1.4)
Loan issues	3.8	2.9
Loan repayments	(37.5)	(100.9)
Net change in other debts and marketable securities	8.5	235.7
Cash flow from financing activities	(152.9)	18.7
Change in cash and cash equivalents	21.7	70.7
Cash and cash equivalents at the beginning of the period	121.1	46.0
Change in cash and cash equivalents	21.7	70.7
Impact of changes due to exchange rate fluctuations	(6.3)	4.4
Cash and cash equivalents at the end of the period	136.5	121.1
Cash and cash equivalents	181.2	134.7
Bank overdrafts	(44.7)	(13.6)
Cash and cash equivalents at the end of the period	136.5	121.1